

Subject
640

5 January 1953

Special Assistant to the DD/A

Office of the General Counsel

25X1A
Proposed Binder Agreement for Collision and Comprehensive Coverage
by the [REDACTED] Insurance Company on Vehicles Financed by the
CIA Federal Credit Union.

1. We are returning herewith the subject form of binder agreement together with attachments submitted to us on 22 December 1952.

2. It is our opinion that the CIA Federal Credit Union should not enter into the subject proposed agreement in its present form. At your suggestion we discussed our objections to the proposed binder with Mr. Nelson Fox, Liberty Mutual's Washington office and advised him that in our opinion the need for such a binder at the present time was not so pressing as to warrant execution of an instrument with provisions which we seriously questioned. He suggested that we might wish to submit a more suitable draft for Liberty Mutual's consideration, but our recommendation would be that if there is no urgency in obtaining such a binder, we should permit Liberty Mutual to assume the initiative.

3. If you desire to raise the matter again with Mr. Fox, may we venture the following suggestions for amendments to the proposed binder.

(a) The first paragraph should be limited to a statement of providing Coverages D and E of Liberty's standard Combination Automobile Policy, with specimen copy of the policy attached. This relates the agreement to the terms of the standard policy and furnishes an administrative standard for handling the questions that may arise under the binder.

(b) The second paragraph should be substantially re-drafted to provide coverage in accordance with the standard policy provisions. The limitations on liability in the present proposal contradict Paragraph 17 of the specimen policy and are considerably more restrictive. There is no apparent reason why they should be less favorable to the Credit Union than the terms of the policy itself are.

(c) We can find no legal objection to the third paragraph.

(d) The fourth paragraph has evidently inadvertent omissions of necessary language. (Note especially the last sentence).

(e) We would prefer to see the fifth paragraph deleted, because its content seems inimical to that of the first paragraph. Quite likely the Company might object to this approach, insisting that it must have a power of veto under the issuance of a full policy to particular individuals and that the binder is agreement only to provide unequivocal coverage in all cases for no more than 30 days.

(f) We perceive no legal objections to the sixth and seventh paragraphs except to note the possible undesirability of the last clause in the sixth paragraph.

25X1A

Attachments - Subject correspondence

OGC/GHK:cd:lmm

Distribution -

Orig - Addressee

2 - OGC

MISSING PAGE

ORIGINAL DOCUMENT MISSING PAGE(S):

Attachment